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The Inequality Agenda and the Specious Ideas that Support It

In June, 1998, Toronto’s Centre for Social Justice published a report by Armine Yalnizyan on the dimensions and implications of growing inequalities in the distribution of incomes in Canada.

In November, 2006, the Canadian Centre for Policy Alternatives (CCPA) established the Growing Gap project to track income trends “and policies that help or worsen the problem of income inequality in Canada.” Since 2006, CCPA has published many studies documenting the persistent growth in inequality, and the government policies that promote it.

There is now a considerable literature, both global and national, confirming the damage done by economic inequality. The evidence is overwhelming. Poor educational outcomes, adverse effects on health, economic dysfunction---all these are a product, in part, of the rise in recent decades of income inequality.

Yet in the May, 2011 federal election the Conservative Party campaigned successfully on a platform that included measures that will *increase* inequality, including cuts to both corporate taxes, from 18% to 15% by 2012-13, and government spending. Despite evidence that these measures will adversely affect the economy and most Canadians, the proposals and the

party were endorsed by most major newspapers save the *Toronto Star*, which was also the one newspaper that raised the inequality issue during the campaign.

The Conservative government is now pushing ahead with this inequality agenda. *The Globe and Mail* reported on June 11 that Jim Flaherty intends to “make Canada’s income-tax system flatter by reducing the number of tax brackets - in order to give people more incentive to work.” There is no solid evidence that a flatter tax structure will strengthen the economy and enhance Canadians’ welfare. Indeed, there is some recent evidence suggesting that current compensation packages for corporate CEOs and associated taxation arrangements create perverse incentives that divert resources from long-term investments, to activities that raise share values and enrich senior corporate management.

Many economists argue that the inequality that already exists in Canada, the U.S. and U.K. serves as a drag on economic growth, job creation and rising incomes, which in turn leads to stagnation and slump. For example, in a recent article titled “Inequality and the Great Recession”, Barry Clark argues that the economic collapse of 2008 “has seriously discredited free market fundamentalism”, and that “support for



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redistribution will grow” as people begin to understand the economic effects of ever-rising inequality. He concludes that to overcome current problems we need to create conditions that will raise wages and reduce inequalities.

Yet the recent “solution” to the debt ceiling problem in the U.S.A is a stunning and irresponsible fiscal package that does the exact opposite, and that will magnify that country’s already massive inequalities. This outcome is the product of a climate of ideas ---shared by Canada’s federal Conservative government---that diverges ever further from the real world, and from the clear evidence that we need to reduce, not widen, economic inequalities if our multiple economic and social problems are to be solved.

A big part of the problem is that governments have become, even more than ever before, the captives of big business, promoting policies that pump up the wealth and incomes of big corporations and the rich. These arrangements are then discussed — as if they were reasonable and benefitted the entire population rather than just big business— by the large corporations that comprise the print and electronic media.

Even in those rare cases when the corporate media identify the problem, they draw inaccurate and limpid conclusions that leave people thinking nothing can be done. This is exemplified by a July 20, 2011 article in *The Globe and Mail* in which Jeffrey Simpson poses the question: “Do we care that Canada is an unequal society?” Simpson presents data from a Conference Board of Canada study showing that from 1980 to 2005, earnings of the top 20 per cent in the income distribution “rose by 16.4 percent while middle-income Canadians’ incomes stagnated, and earnings for those in the bottom group slid.” He also cites some of the evidence showing that over the last 30 years policy changes have contributed to a growth in inequality - a trend that will be much accentuated under a Harper government. In answer to his question

Simpson notes that: “Committees of both the House of Commons and Senate have issued reports on poverty: neither stirred much interest. Income inequalities are apparently not deemed important subjects in this self-centered age.”

Simpson’s answer is wrong. Most Canadians do care. This was confirmed in a CCPA survey of Canadian attitudes toward income inequality published November 20, 2006, and has since been elaborated in important work done by the CCPA’s Trish Hennessey. It is the people who have the power in this country who don’t care. They like the new status quo, and so will continue to promote ideas that---in defiance of the evidence about their damaging effects---produce ever-growing inequalities of income.

These political and economic ideas, previously known to be the work of a wacky fringe element, are now taken seriously and are being implemented aggressively by the corporate-funded and media-supported far Right in Canada and the U.S.A alike. The self-interest of the powerful few has pushed aside reason; their political forces have run roughshod over those who would build a more egalitarian and socially just society; their policies will drive us even more rapidly toward economic crisis---and this is without making mention of their equally reckless refusal to deal with climate change.

Pernicious and self-interested ideas promoted by the powerful and fanatical few on one side; equality and social justice supported passively by a largely complacent majority on the other. This is a recipe for ever greater inequality, and all the problems that go with it. The only thing that will change this situation is ongoing demonstrations of outrage by Canadians who care about the future of this country. This needs to start now.

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